

Message Text

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70

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INFO AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

USMISSION USBERLIN

USMISSION GENEVA

USMISSION EC BRUSSELS

USMISSION NATO BRUSSELS

AMEMBASSY BERLIN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

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SUBJECT: JOB CREATION PROGRAM FOR DISMISSED VW WORKERS.

REF: BONN 6516

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1. ON MAY 2, THE JOINT PLANNING COMMITTEE, COMPOSED OF

ECONOMICS MINISTERS OF THE FEDERAL AND STATE GOVERNMENTS, APPROVED A PROGRAM AIMED AT CREATING 18,000 NEW JOBS IN AREAS WHICH ARE EXPECTED TO BE ESPECIALLY AFFECTED BY VW'S DECISION TO REDUCE ITS WORK FORCE. BETWEEN NOW AND THE END OF 1977, THE FEDERAL AND LAND GOVERNMENTS WILL APPROPRIATE A TOTAL OF DM 210 MILLION TO CREATE NEW JOBS, WITH THE PARTICIPATING LAENDER MATCHING THE AMOUNTS THEY RECEIVE FROM THE FEDERAL GOVERNMENT. THE FUNDS WILL BE USED TO ENCOURAGE PRIVATE EMPLOYERS TO CREATE NEW JOBS BY GRANTING INVESTMENT SUBSIDIES OF UP TO 25 PERCENT OF THE TOTAL INVESTMENT COSTS. INCENTIVE BONUSES WILL ALSO BE GRANTED TO ENCOURAGE MANUFACTURERS TO SETTLE IN AFFECTED AREAS, TO ENLARGE EXISTING PLANTS, AND TO ACQUIRE SURPLUS VW FACILITIES. FEDERAL ECONOMICS MINISTER FRIDERICH'S EMPHASIZED THAT THE PLAN, WHICH IS TARGETED FOR AREAS WHICH WILL BE ESPECIALLY AFFECTED BY THE VOLKSWAGEN DISMISSALS, IS NOT A SPECIAL "VOLKSWAGEN LAW".

2. LOWER SAXONY (SPD/FDP) WILL RECEIVE DM 51 MILLION, BADEN-WUERTTEMBERG (CDU) DM 45 MILLION, AND HESSE (SPD/FDP) DM 9 MILLION. WOLFSBURG, SALZGITTER AND BRAUNSCHWEIG IN LOWER SAXONY AND KASSEL IN HESSE WILL ENJOY TOP PRIORITY WITH SUBSIDIES UP TO 25 PERCENT. OTHER AREAS WILL RECEIVE 15 OR 20 PERCENT. BAVARIA (CSU) WHICH OPPOSES THE PROGRAM, BECAUSE INGOLSTADT, SITE OF VW'S LARGE AUDI/NSU PLANT, WAS NOT INCLUDED IN THE PLAN, ANNOUNCED THAT IT WOULD BEGIN A SEPARATE DM 50 MILLION PROGRAM TO ABSORB DISMISSED AUDI/NSU WORKERS.

3. THE PARTICIPATING LAENDER ALSO ANNOUNCED ADDITIONAL PROGRAMS OF THEIR OWN, WHICH INCLUDE THE DEVELOPMENT AND SALE OF INDUSTRIAL SITES AT LOW PRICES TO ATTRACT NEW INDUSTRIES, EASY CREDIT FOR MEDIUM-SIZE INDUSTRIES, FINANCIAL AID FOR WORKERS WITH LARGE DEBTS AND EMIGRATION ALLOWANCES FOR FOREIGN WORKERS.

4. COMMENT. THE EFFECTIVENESS OF THESE PROGRAMS WILL DEPEND ON SEVERAL FACTORS, AMONG WHICH ARE THE WILLINGNESS OF FIRMS TO TAKE ADVANTAGE OF THESE INCENTIVES.

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TIVES. WHETHER FIRMS WILL TAKE ADVANTAGE OF THESE OFFERS WILL, AMONG OTHER THINGS, DEPEND UPON THEIR PERCEPTION OF THE OVERALL BUSINESS CLIMATE. SO FAR, HOWEVER, THE BUSINESS COMMUNITY HAS NOT REACTED PUBLICLY TO THE ANNOUNCEMENT. IN ANY EVENT, THE FINAL EFFECTS OF THIS LONG-RANGE PROGRAM, WHICH IS NOT EXPECTED TO LEAD TO THE IMMEDIATE CREATION OF NEW JOBS, ARE UNCERTAIN. END COMMENT.

HILLENBRAND

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